

Message Text

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PAGE 01 DACCA 03222 220832Z
ACTION FBOE-00

INFO OCT-01 NEA-11 ISO-00 A-01 /013 W
-----075979 220833Z /20
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FM AMEMBASSY DACCA
TO USIAC WASHDC PRIORITY
INFO SECSTATE WASHDC 9398

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USICA

STATE FOR A/FBO

E. O. 11652: N/A
SUBJECT: NEW DACCA CENTER

REFS: A. USICA 03767, B. DACCA 0854, C. USICA 03368

1. MR. WAHED, OWNER OF PROPOSED NEW CENTER, SENT POST LETTER DATED MAY 10 STATING HE NO LONGER INTEREST IN PROJECT. LETTER STATES THAT AMERICAN EXPRESS BANK, DACCA, DID NOT OFFER LOAN TERMS THAT WAHED COULD ACCEPT. WITHOUT BANK FINANCING, WAHED SAYS HE UNABLE CONSTRUCT BUILDING.
2. WE ATTEMPTED CONTACT WAHED BUT AFTER SENDING LETTER HE DEPARTED FOR ANOTHER BUSINESS TRIP TO LONDON AND WILL NOT RETURN UNTIL END OF MAY.
3. WE ARE ACQUAINTED WITH MANAGER OF DACCA AMEX BANK, SO I CALLED ON HIM THURSDAY AFTERNOON TO INQUIRE ABOUT PROBLEM. MANAGER CONFIRMED THAT LOAN TERMS WERE NOT ATTRACTIVE AND TOLD ME PRIVATELY THAT AMEX NOT INTERESTED IN LOAN. SUCH LOANS, HE SAID, ARE NOT PROFITABLE TO ANY BANGLADESH BANK BECAUSE OF BD LAWS LIMITING INTEREST CHARGED, AND INABILITY, IN PRACTICE,

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OF BANKS TO COLLECT IF SUCH LOANS DEFAULTED. MANAGER SAYS ONLY WAY WAHED COULD GET FINANCING IS TO DEAL WITH AGRANI BANK, WHICH IS LOCAL BANK THAT HANDLES ACCOUNT FOR BRITISH COMPANY OF WHICH WAHED IS LOCAL MANAGER.

4. WAHED TOLD ME WHEN I ARRIVED DACCA FALL '76 THAT AMEX WOULD CERTAINLY GIVE HIM LOAN SINCE IT HANDLED HIS COMPANY'S ACCOUNT.

ACCORDING AMEX MANAGER, WAHED MOVED THE ACCOUNT TO AGRANI BANK IN EARLY 1977. WAHED DID NOT INFORM POST OF THIS ACTION. WE HAVE CONFIRMED THAT BD BANKS AT PRESENT HAVE PLENTY OF MONEY FOR LOANS BUT AMEX MANAGER IS CORRECT WHEN HE SAYS THAT LOCAL BANKS WOULD MAKE BUILDING CONSTRUCTION LOAN ONLY IN CASES WHERE LOAN IS MADE FAVOR TO REGULAR AND VALUED CUSTOMER.

5. IT IS NOT CLEAR WHY WAHED DID NOT APPLY TO AGRANI BANK FOR LOAN. WILL ATTEMPT TO FIND OUT ASAP AFTER WAHED RETURN.

6. AMEX MANAGER SAYS HE HAS NO REASON TO ASSUME THAT WAHED IS POOR CREDIT RISK. SAYS HE IS "RESPECTABLE MEMBER OF BUSINESS COMMUNITY" AND SOLID CITIZEN. FURTHER ADDED IT NOT UNUSUAL THAT WAHED NOT ABLE PAY TAKA 37,000 REQUIRED FOR DETAILED CONSTRUCTION PLANS SINCE EVERY WELL-PAID BD BUSINESS MANAGERS USUALLY LIVE FROM HAND TO MOUTH AND HAVE NO CASH SAVED. TAKA 37,000 IS SUBSTANTIAL SUM IN LOCAL TERMS.

7. WAHED ALSO SAYS HE NOT WILLING TO INCREASE FLOOR HEIGHTS OF BUILDING OR USE 3/8 INCH RODS ON 4 1/2 INCH CENTER AS REQUESTED IN FEFTEL (C).

8. FOREGOING UNDERSCORES DIDDICULTIES OF HAVING A REPLY ON OUTSIDE AGENTS TO ACCOMPLISH AGENCY ENDS, BUT IT APPEARS WE HAVE NO REALISTIC ALTERNATIVE. POSSIBILITY OF CONSTRUCTING LIMITED OFFICIAL USE

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ICA CENTER ON SAME USG-OWNED LAND WHERE NEW CHANCERY WILL BE -- EVEN IF ALL PARTIES CONCERNED WERE TO AGREE THIS IS DESIRABLE--NOW SEEMS TO BE PRECLUDED. HAVE DISCUSSED WITH ADMIN OFFICER AND FBO REPRESENTATIVE WALTER NOTHEIS, HERE ON 3-DAY VISIT UNTIL MAY 21, AND AM TOLD THAT PLANNING ON EMBASSY PROJECT HAS REACHED POINT WHERE IT EXTREMELY DIFFICULT MAKE CHANGES NECESSARY ACCOMMODATE NEW BUILDING ON SITE.

9. WE CAN TRY TO PULL THIS OUT OF FIRE AND CONTINUE WITH WAHED BUT THIS WILL NOT BE EASY. EVEN IF WAHED CAN GET LOAN FROM AGRANI BANK (BANK APPROVAL WOULD TAKE AT LEAST TWO MONTHS), HE APPEARS TO BE ADAMANT AGAINST MODIFYING CONSTRUCTION PLANS OR PAYING FOR THEM. ALSO LIKELY HE WILL ASK FOR LARGER ADVANCE PAYMENT OR HIGHER RENT, OR PROBABLY BOTH.

10. AT SAME TIME WE CAN SEARCH REAL ESTATE MARKET FOR ALTERNATIVE LOCATIONS. AS PREVIOUSLY REPORTED, WE SCOURED DACCA THOROUGHLY IN LATE '76 BUT COULD NOT TURN UP DECENT SITE. WE HAVE NO PRESENT INDICATION THAT SITUATION HAS IMPROVED, BUT WE CAN TRY.

11. AIRPOUCHING WAHED LETTER.
MEYER

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